

ANNICA HOLDINGS LIMITED

Unaudited Financial Statements And Dividend Announcement For The Half-Year Financial Period Ended 30 June 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness and correctness of any of the statements or opinions made or reports contained in this announcement.

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For the purpose of this Announcement, **HY2016** refers to the six-month financial period ended 30 June 2016 whereas **HY2015** refers to the corresponding six-month financial period ended 30 June 2015. **FY2015** refers to the full financial year ended 31 December 2015.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Group HY2016 \$'000	HY2015 \$'000 (restated)	Increase/ (Decrease) %
<u>Continuing Operations</u>			
Revenue	7,126	7,749	(8)
Cost of sales	(5,469)	(6,077)	(10)
Gross profit	1,657	1,672	(1)
Other income	39	32	22
Selling and distribution expenses	(132)	(135)	(2)
Administrative and general expenses	(2,274)	(1,810)	26
Other expenses	(308)	(186)	66
Finance costs	(48)	(8)	NM
Loss before income tax	(1,066)	(435)	NM
Income tax expense	(39)	-	NM
Loss from continuing operations	(1,105)	(435)	NM
<u>Discontinued Operations</u>			
Loss from discontinued operations	(4,187)	(4,900)	(15)
Total loss for the financial period	(5,292)	(5,335)	1
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(5)	167	NM
Currency translation differences on disposal of subsidiaries reclassified to profit or loss	(3)	-	NM
Other comprehensive (loss)/income, net of tax	(8)	167	NM
Total comprehensive loss for the financial period	(5,300)	(5,168)	3

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period. (Cont'd)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Group		
	HY2016 \$'000	HY2015 \$'000 (restated)	Increase/ (Decrease) %
Total loss attributable to:			
- Equity holders of the Company	(5,033)	(3,348)	50
- Non-controlling interests	(259)	(1,987)	(87)
	<u>(5,292)</u>	<u>(5,335)</u>	<u>(1)</u>
Total loss attributable to equity holders of the Company			
- from continuing operations	(1,054)	(467)	NM
- from discontinued operations	(3,979)	(2,881)	38
	<u>(5,033)</u>	<u>(3,348)</u>	<u>50</u>
Total profit/(loss) attributable to non-controlling interest:			
- from continuing operations	52	32	63
- from discontinued operations	(311)	(2,019)	(85)
	<u>(259)</u>	<u>(1,987)</u>	<u>(87)</u>
Total comprehensive loss attributable to:			
- Equity holders of the Company	(5,035)	(3,181)	58
- Non-controlling interests	(265)	(1,987)	(87)
	<u>(5,300)</u>	<u>(5,168)</u>	<u>3</u>
Total comprehensive loss attributable to equity holders of the Company:			
- from continuing operations	(1,053)	(303)	NM
- from discontinued operations	(3,982)	(2,878)	38
	<u>(5,035)</u>	<u>(3,181)</u>	<u>58</u>
Total comprehensive profit/(loss) attributable to non-controlling interest:			
- from continuing operations	46	32	44
- from discontinued operations	(311)	(2,019)	(85)
	<u>(265)</u>	<u>(1,987)</u>	<u>(87)</u>

NM: Not meaningful

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following:

Loss from continuing operations

	Group		
	HY2016 \$'000	HY2015 \$'000 (restated)	Increase/ (Decrease) %
Interest income from bank	1	-	NM
Impairment loss on available-for-sale financial assets	-	4	NM
Interest on borrowings	48	8	NM
Depreciation of property, plant and equipment	127	111	14
Foreign currency exchange loss, net	188	105	79
Loss on disposal of available-for-sale financial assets	-	16	NM
Fair value loss on financial assets, at fair value through profit or loss	17	41	(59)
Allowance for doubtful non-trade debts	<u>104</u>	<u>-</u>	<u>NM</u>

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following (Cont'd):

Loss from discontinued operations

An analysis of the results of discontinued operations is as follows:

	Group		
	HY2016 \$'000	HY2015 \$'000 (restated)	Increase/ (Decrease) %
Revenue	1,724	4,575	(62)
Net expenses	(2,503)	(9,475)	(74)
Loss before taxation	(779)	(4,900)	(84)
Income tax expenses	-	-	NM
Loss from discontinued operations before exceptional items	(779)	(4,900)	(84)
Exceptional Items:			
- Loss on disposal of subsidiaries	(3,408)	-	NM
Loss from discontinued operations	(4,187)	(4,900)	(15)

Loss from discontinued operations before exceptional items is arrived at after charging/(crediting) the following:

	Group		
	HY2016 \$'000	HY2015 \$'000 (restated)	Increase/ (Decrease) %
Interest on borrowings	3	9	(67)
Depreciation of property, plant and equipment	24	50	(52)
Foreign exchange gain, net	23	(13)	NM
Loss on disposal of property, plant and equipment	-	3	NM
Amortisation of intangible assets	2	4	(50)
Allowance for doubtful non-trade debts	-	1,524	NM
Allowance for doubtful trade debts	-	240	NM
Provision for foreseeable loss on construction contracts	-	2,500	NM

NM: Not meaningful

1(b)(i) Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period.

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Group		Company	
	As at HY2016 \$'000	As at FY2015 \$'000	As at HY2016 \$'000	As at FY2015 \$'000
<u>ASSETS</u>				
Current assets:				
Cash and bank balances	2,093	2,976	23	86
Fixed deposits	236	242	-	-
Trade and other receivables	5,916	13,703	3,247	1,378
Inventories	671	1,147	-	-
Financial assets, at fair value through profit or loss	130	147	130	147
	9,046	18,215	3,400	1,611
Non-current assets:				
Investments in subsidiaries	-	-	5,901	3,403
Investments in associated companies	-	-	-	-
Available-for-sale financial assets	9	9	-	-
Property, plant and equipment	3,620	3,011	2,387	2,459
Trade receivables	82	82	-	-
Intangible assets	1,175	16	-	-
	4,886	3,118	8,288	5,862
Total assets	13,932	21,333	11,688	7,473

1(b)(i) Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period. (Cont'd)

STATEMENTS OF FINANCIAL POSITION (Cont'd)
AS AT 30 JUNE 2016

	Group		Company	
	As at HY2016 \$'000	As at FY2015 \$'000	As at HY2016 \$'000	As at FY2015 \$'000
LIABILITIES				
Current liabilities:				
Trade and other payables	2,992	12,016	2,112	1,611
Borrowings	1,431	951	1,420	470
Current income tax liabilities	277	39	-	-
	4,700	13,006	3,532	2,081
Non-current liabilities:				
Borrowings	3,964	7,532	3,879	4,936
Deferred income tax liabilities	23	23	-	-
	3,987	7,555	3,879	4,936
Total liabilities	8,687	20,561	7,411	7,017
Net assets	5,245	772	4,277	456
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,724	54,524	59,724	54,524
Accumulated losses	(52,873)	(47,840)	(55,447)	(54,068)
Other reserves	(1,951)	(1,832)	-	-
	4,900	4,852	4,277	456
Non-controlling interests	345	(4,080)	-	-
Total equity	5,245	772	4,277	456

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial period:

Amount repayable in one year or less, or on demand

As at HY2016		As at FY2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
11	1,420	481	470

Amount repayable after one year

As at HY2016		As at FY2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
85	3,879	167	7,365

As at HY2016, the Group's secured borrowings were bank loans secured on the Group's leasehold properties. Included in the Group's unsecured borrowings as at HY2016 were advances from the subscriber of the redeemable convertible bonds (which were subsequently utilised as subscription monies for redeemable convertible bonds), loans from LionGold Corp Ltd (please refer to discussion under paragraph 8 on "Loan facility from LionGold Corp Ltd") and outstanding redeemable convertible bonds.

As at FY2015, the Group's secured borrowing were liabilities arising from finance lease agreements secured on the Group's motor vehicles and bank loans secured on the Group's leasehold properties. The Group's unsecured borrowings as at FY2015 were loans from LionGold Corp Ltd and outstanding redeemable convertible bonds.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Group	
	HY2016 \$'000	HY2015 \$'000 (restated)
Cash flows from operating activities:		
Loss from continuing operations	(1,105)	(435)
Loss from discontinued operations	(4,187)	(4,900)
Loss after income tax	(5,292)	(5,335)
Adjustments for:		
Income tax expense	39	-
Depreciation of property, plant and equipment	151	161
Interest expense	51	17
Interest income	(1)	-
Loss on disposal of subsidiaries	3,408	-
Fair value loss on financial assets at fair value through profit or loss	17	41
Impairment loss on available-for-sale financial assets	-	4
Loss on disposal of property, plant and equipment	-	3
Loss on disposal of available-for-sale financial assets	-	16
Amortisation of intangible assets	2	4
Fee related to issuance of redeemable convertible bonds settled by way of issuance of Shares of the Company	300	-
Operating cash flows before working capital changes	(1,325)	(5,089)
Changes in working capital net of effects from disposal of subsidiaries:		
Trade and other receivables	(3,475)	(1,460)
Inventories	825	(49)
Trade and other payables	1,455	3,727
Cash used in operations	(2,520)	(2,871)
Income tax paid	(19)	(20)
Net cash used in operating activities	(2,539)	(2,891)
Cash flows from investing activities:		
Receipt of interest	1	-
Proceeds from disposal of available-for-sale financial assets	-	598
Purchases of property, plant and equipment	(879)	-
Proceeds from disposal of property, plant and equipment	-	1
Net cash inflow from disposal of subsidiaries	398	-
Net cash outflow from acquisition of a subsidiary	(1,799)	-
Net cash (used in)/generated from investing activities	(2,279)	599
Cash flows from financing activities:		
Net proceeds from issuance of redeemable convertible bonds	3,500	-
Increase in borrowings	950	1,100
Advance from related parties	-	859
Repayment of borrowings	(66)	(161)
Release of in fixed deposit pledged as security for banking facilities, net	6	51
Release from cash margin account	459	-
Interest paid	(5)	(15)
Net cash generated from financing activities	4,844	1,834
Net increase/(decrease) in cash and cash equivalents	26	(458)
Cash and cash equivalents at beginning of the financial period	1,884	3,100
Effects of foreign currency translation on cash and cash equivalents	(17)	(48)
Cash and cash equivalents at end of the financial period	1,893	2,594
Cash and cash equivalents at end of the financial period were made up of:		
Cash and bank balances	2,093	2,832
Less: deposit placed in cash margin account	(200)	-
Less: bank overdraft	-	(238)
	1,893	2,594

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period. (Cont'd)

Disposal of subsidiaries

The effects of the disposal of subsidiaries on the cash flows of the Group are as follows:

	Group HY2016 \$'000	HY2015 \$'000
<u>Carrying amount of assets and liabilities disposed of:</u>		
Cash and cash equivalents	35	-
Trade and other receivables	13,059	-
Property, plant and equipment	206	-
Intangible assets	14	-
Total assets	<u>13,314</u>	<u>-</u>
Trade and other payables	10,448	-
Borrowings	4,406	-
Total liabilities	<u>14,854</u>	<u>-</u>
Net liabilities derecognised	(1,540)	-
Non-controlling interests	4,951	-
Net assets disposed of	<u>3,411</u>	<u>-</u>
The aggregate of cash outflows arising from the disposal of subsidiaries were:		
Net assets disposed of (as above)	3,411	-
Reclassification of currency translation reserve	(3)	-
	<u>3,408</u>	<u>-</u>
Loss on disposal of subsidiaries	(3,408)	-
Total sale consideration	-*	-
Less: cash and cash equivalents of subsidiaries disposed of	(35)	-
Add: bank overdraft of subsidiaries disposed of	433	-
Net cash inflow on disposal of subsidiaries	<u>398</u>	<u>-</u>

* Nominal amount of \$2

Acquisition of a subsidiary

The fair value of assets acquired and liabilities assumed arising from the acquisition of a subsidiary during the financial period are as follows:

	Group HY2016 \$'000	HY2015 \$'000
Net assets acquired	663	-
Provisioned goodwill	1,175	-
Purchase consideration	1,838	-
Less: cash and cash equivalents of a subsidiary acquired	(39)	-
Net cash outflow on acquisition	<u>1,799</u>	<u>-</u>

Major non-cash item:

During the financial year, the Group acquired the remaining non-controlling interest in a subsidiary from two vendors for a consideration of \$660,000, out of which \$500,000 was settled by way of issuance of 500,000,000 new Shares in the Company and \$160,000 through promissory notes entered into with the two vendors (please refer to the discussion under paragraph 8 on "Acquisition of non-controlling interests in Industrial Engineering Systems Pte Ltd").

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	----- Attributable to equity holders of the Company -----					Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total \$'000		
Group							
Balance as at 1 January 2016	54,524	(1,389)	(443)	(47,840)	4,852	(4,080)	772
Loss for the financial period	-	-	-	(5,033)	(5,033)	(259)	(5,292)
Other comprehensive income/(loss):							
Currency translation differences arising from consolidation	-	-	1	-	1	(6)	(5)
Currency translation differences on disposal of subsidiaries reclassified to profit or loss	-	-	(3)	-	(3)	-	(3)
	-	-	(2)	-	(2)	(6)	(8)
Total comprehensive loss for the financial period	-	-	(2)	(5,033)	(5,035)	(265)	(5,300)
Issuance of Shares	5,200	-	-	-	5,200	-	5,200
Changes in ownership interests in subsidiaries:							
Disposal of subsidiaries	-	-	-	-	-	4,951	4,951
Acquisition of ownership interest in subsidiary, without loss of control	-	(117)	-	-	(117)	(543)	(660)
Acquisition of a subsidiary	-	-	-	-	-	282	282
	-	(117)	-	-	(117)	4,690	4,573
Balance as at 30 June 2016	59,724	(1,506)	(445)	(52,873)	4,900	345	5,245
Balance as at 1 January 2015	54,224	(1,389)	(253)	(42,587)	9,995	(893)	9,102
Loss for the financial period	-	-	-	(3,348)	(3,348)	(1,987)	(5,335)
Other comprehensive income:							
Currency translation differences arising from consolidation	-	-	167	-	167	-	167
Total comprehensive income/(loss) for the financial period	-	-	167	(3,348)	(3,181)	(1,987)	(5,168)
Balance as at 30 June 2015	54,224	(1,389)	(86)	(45,935)	6,814	(2,880)	3,934

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period. (Cont'd)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Company			
Balance as at 1 January 2016	54,524	(54,068)	456
Issuance of Shares	5,200	-	5,200
Total comprehensive loss for the financial period	-	(1,379)	(1,379)
Balance as at 30 June 2016	59,724	(55,447)	4,277
Balance as at 1 January 2015	54,224	(46,398)	7,826
Total comprehensive loss for the financial period	-	(3,993)	(3,993)
Balance as at 30 June 2015	54,224	(50,391)	3,833

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period.

	Number of Shares '000	Share Capital \$'000
As at 31 December 2015	1,488,750	54,524
Issuance of Shares		
- conversion of Shares from issuance of redeemable convertible bonds (Note (a))	5,500,000	4,400
- fees relating to the issuance of redeemable convertible bonds (Note (b))	188,235	300
- part settlement of consideration on acquisition of non-controlling interests in a subsidiary (Note (c))	500,000	500
As at 30 June 2016	7,676,985	59,724
Issuance of Shares		
- conversion of Shares from issuance of redeemable convertible bonds (Note (a))	1,625,000	1,300
As at the date of this announcement	9,301,985	61,024

Notes:

(a) Details of the conversion of Shares from redeemable convertible bonds (the "RCB Conversion Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
15 January 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	625,000	500
18 January 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	875,000	700
28 March 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	937,500	750
29 March 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
1 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
5 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
7 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	187,500	150
15 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
18 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
22 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	125,000	100
16 May 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	500,000	400
17 May 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	625,000	500
13 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
14 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
20 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	125,000	100
24 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
30 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
Total RCB Conversion Shares issued from 1 January 2016 to 30 June 2016		5,500,000	4,400
1 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	125,000	100
14 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
15 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
18 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
19 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	187,500	150
22 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
26 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	187,500	150
27 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
29 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
1 August 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
5 August 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
Total RCB Conversion Shares issued from 1 January 2016 to the date of this announcement		7,125,000	5,700

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period. (Cont'd)

(b) Details of the Shares issued in lieu of fees relating to the issuance of redeemable convertible bonds (the "RCB Consideration Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
5 January 2016	RCB Consideration Shares issued at \$0.0017 per RCB Consideration Share	88,235	150
28 March 2016	RCB Consideration Shares issued at \$0.0015 per RCB Consideration Share	100,000	150
Total RCB Consideration Shares issued from 1 January 2016 to 30 June 2016		188,235	300

(c) Details of the Shares issued in part settlement of the consideration on acquisition of non-controlling interests in a subsidiary (the "Acquisition Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
27 April 2016	Acquisition Shares issued at \$0.001 per Acquisition Share	500,000	500
Total Acquisition Shares issued from 1 January 2016 to 30 June 2016		500,000	500

Convertible Securities

There are no shares that may be issued on conversion of any outstanding convertibles as at the end of the current financial year except as follows:

As at HY2016	Number of Shares '000	Share Capital \$'000
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds issued as at HY2016, assuming conversion at the minimum conversion price of \$0.0008 per RCB Conversion Share	1,375,000	1,100
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds which have yet to be issued as at HY2016, assuming conversion at the minimum conversion price of \$0.0008 per RCB Conversion Share	17,125,000	13,700
Total	18,500,000	14,800

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period. (Cont'd)

Convertible Securities (Cont'd)

There were no Shares that may be issued on conversion of any outstanding convertibles as at the end of the immediately preceding financial period, being FY2015, except as follows:

As at FY2015	Number of Shares '000	Share Capital \$'000
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds issued as at FY2015, assuming conversion at the minimum conversion price of \$0.0008 per RCB Conversion Share	2,500,000	2,000
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds which have yet to be issued as at FY2015, assuming conversion at the minimum conversion price of \$0.0008 per RCB Conversion Share	21,500,000	17,200
New RCB Consideration Shares to be allotted and issued as initial fee payment in relation to the subscription of the redeemable convertible bonds (these RCB Consideration Shares were issued during HY2016)	188,235	300
Total	24,188,235	19,500

Treasury shares

The Company has no treasury Shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at HY2016	As at FY2015
Total number of issued Shares excluding treasury shares ('000)	7,676,985	1,488,750

The Company has no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recently audited financial statements for the financial year ended 31 December 2015 except for the adoption of revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the revised FRS and INT FRS as discussed in paragraph 4 is not expected to result in any significant changes to the Group's accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.

	Group	
	HY2016	HY2015 (restated)
Loss per Share based on the weighted average number of Shares on issue (in cents):		
- from continuing operations – basic and fully diluted (Note (a))	(0.03)	(0.04)
- from discontinued operations – basic and fully diluted (Note (b))	(0.9)	(0.37)
Total	(0.12)	(0.41)

The basic and diluted loss per Share are the same as the Group did not have any potentially dilutive instruments for the respective financial period.

Notes:

(a) Basic and fully diluted loss per Share from continuing operations for HY2016 were calculated by dividing the total loss for the financial period of \$1,105,000 (HY2015: \$435,000) by the weighted average number of Shares of 4,423,603,661 as at HY2016 (HY2015: 1,312,279,324).

(b) Basic and fully diluted loss per Share from discontinued operations were calculated by dividing the total loss for the financial period of \$4,187,000 (HY2015: \$4,900,000) by the weighted average number of Shares of 4,423,603,661 (HY2015: 1,312,279,324).

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial period.

	Group		Company	
	HY2016	FY2015	HY2016	FY2015
Net asset value per Share based on the issued Shares at the end of the financial period reported on (in cents)	0.07	0.05	0.06	0.03

Net asset value per Share of the Group as at HY2016 was calculated by dividing the Group's net asset value of \$5,245,000 as at HY2016 (FY2015: \$772,000) by the number of issued Shares of the Company of 7,676,985,206 as at HY2016 (FY2015: 1,488,749,912).

Net asset value per Share of the Company as at HY2016 was calculated by dividing the Company's net asset value of \$4,277,000 as at HY2016 (FY2015: \$456,000) by the number of issued Shares of the Company of 7,676,985,206 as at HY2016 (FY2015: 1,488,749,912).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS

Revenue and Gross Profit

The Group posted revenue of \$7,126,000 for HY2016, with the oil and gas equipment, engineering services and the newly acquired subsidiary, GPE Power Systems (M) Sdn Bhd ("GPE") whose principal activity is that of a trading business in the energy segment, contributing 39%, 29% and 32%, respectively, to the Group's revenue. There was a net decrease of \$623,000 or 8% in the Group's revenue in HY2016 compared to that of \$7,749,000 in HY2015, primarily due to the sluggish performance from the oil and gas equipment and engineering services businesses in HY2016, which reported lower revenue of \$2,871,000, as a result of the prevailing market conditions in the oil and gas industry and dampened oil prices while GPE, in its maiden contribution, reported \$2,248,000 in revenue. Geographically, the Group operates in the Asia Pacific region including Singapore, Malaysia, Indonesia and Vietnam.

The Group's gross margin improved slightly from 22% in HY2015 to 23% in HY2016. The oil and gas equipment segment was able to turn in higher margin despite the challenges it faced in HY2016. Gross profit was lower by \$15,000, from \$1,672,000 in HY2015 to \$1,657,000 in HY2016 as a result of lower revenue.

Other income

The Group received higher commission income in HY2016 which explained the increase in other income of \$7,000 from \$32,000 in HY2015 to \$39,000 in HY2016.

Selling and distribution expenses

The Group's selling and distribution expenses maintained at approximately 2% of total revenue for both financial periods.

Administrative and general expenses

The Group incurred administrative and general expenses of \$2,274,000 in HY2016, which was an increase of \$464,000 from \$1,810,000 reported in HY2015. The increase was due to higher professional fees arising from the corporate exercises undertaken by the Group, increase in headcount and accrual for directors' fees for the financial year ending 31 December 2016 approved by Shareholders to align compensation with market practice and inclusion of GPE's expenses. The Group undertakes to continue closely monitoring of expenses by implementing cost-cutting measures and budget spending.

Other expenses

Other expenses increased by \$122,000 from \$186,000 in HY2015 to \$308,000 in HY2016 arising from higher exchange loss due to weakening of Singapore currencies against major currencies during HY2016 and allowance non-trade doubtful debts, partially offset by lower fair value loss adjustment and loss on disposal on investment in financial assets.

Finance costs

The increase in finance costs of \$40,000 from \$8,000 in HY2015 to \$48,000 in HY2016 were primarily from interest expenses on redeemable convertible bonds issued during HY2016.

Income tax

The income tax expense arose from taxable profits of certain subsidiaries during HY2016.

Loss from continuing operations

The Group reported a loss from continuing operations of \$1,105,000 for HY2016, which was an increase of \$670,000 from \$435,000 in HY2015. The loss arose mainly from lower revenue and gross profit and increase in expenses as explained above.

DISCONTINUED OPERATIONS

The Group's discontinued operations pertained to the biomass projects segment, under Industrial Power Technology Pte Ltd and The Think Environmental Co Sdn Bhd, which was disposed during HY2016. The loss from discontinued operations made up of the Group's share of losses of \$779,000 incurred by these entities in HY2016 up to the date of disposal and an exceptional loss on disposal of \$3,408,000.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)

STATEMENT OF FINANCIAL POSITION

For the purpose of the discussion below, the analysis is based on the financial position of the Group's continuing operations as at HY2016 and FY2015. The table below shows the extract of the financial position of the Group's continuing operations as at HY2016 and FY2015, respectively.

Extract of Statement of Financial Position (only continuing operations)

	HY2016 \$'000	Group FY2015 \$'000 (restated)
Current Assets	9,046	7,076
Non-Current Assets	4,886	2,870
Current Liabilities	4,700	3,183
Non-Current Liabilities	3,987	5,049

Current assets

Current assets of the Group totalled \$9,046,000 as at HY2016 which was an increase of \$1,970,000 from \$7,076,000 as at FY2015, primarily due to the inclusion of GPE's current assets and higher trade and other receivables, partially offset by decrease in cash and bank balances, inventories and investments in financial assets, at fair value through profit or loss. The investments in the financial assets, comprising listed equity securities, were stated at quoted market price as at the respective financial periods.

Non-current assets

The Group's non-current assets was \$4,886,000 as at HY2016. The increase of \$2,016,000 from that of \$2,870,000 as at FY2015 was due to the inclusion of GPE's non-current assets as well as provisional goodwill on the acquisition, partially offset by depreciation charge for HY2016. Leasehold properties of the Group include a two-storey leasehold factory in Singapore and two leasehold shop units in Malaysia. The properties are pledged as security for bank borrowings and facilities.

Current liabilities

The Group reported current liabilities of \$4,700,000 as at HY2016 which was an increase of \$1,517,000 from \$3,183,000 as at FY2015. Other than the inclusion of liabilities of GPE, the increase was because of an advance from the subscriber of the redeemable convertible bonds (the "RCBs") (which was subsequently utilised as subscription monies for the RCBs), promissory notes issued as part settlement of the consideration on the acquisition of non-controlling interests in Industrial Engineering Systems Pte Ltd and increase in trade and other payables.

Non-current liabilities

There was a decrease in the Group's non-current liabilities of \$1,062,000 from \$5,049,000 as at FY2015 to \$3,987,000 as at HY2016 due to lower outstanding RCBs as at HY2016.

Shareholders' equity

The Group's capital and reserves attributable to equity holders of the Company was \$4,900,000 as at HY2016. This was an increase of \$48,000 from \$4,852,000 as at FY2015 as a result of losses incurred by the Group partially offset by share issuance during HY2016.

CASH FLOWS

The Group had cash and cash equivalents of \$1,893,000 as at HY2016. The Group reported a net cash inflow of \$26,000 during HY2016, as a result of net cash generated from financial activities, partially utilised in operations and investing activities. Net proceeds from the issuance of RCBs, net increase in borrowings and release of funds from cash margin contributed to the cash inflow from financing activities of the Group during HY2016. Net cash used in operations arose from HY2016's operating losses and higher trade and other receivables, partially offset by lower inventories and higher trade and other payables. Net cash outflow as a result of acquisition of subsidiaries and purchases of property, plant and equipment and net of cash inflow from disposal of subsidiaries, explained the net cash used in investing activities.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)

MATTERS ARISING DURING 2016

Issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000

At the extraordinary general meeting held on 29 December 2015, Shareholders approved the issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000 (the "RCBs"), pursuant to the RCB subscription agreement dated 31 July 2015 (the "Subscription Agreement") entered into with Premier Equity Fund Sub Fund F ("PEFF") and its manager, Value Capital Asset Management Pte Ltd (the "Manager") (collectively, the "Subscriber").

The first tranche of the RCBs (the "Tranche 1 RCBs") comprises equal sub-tranches of \$500,000 each, while the remaining three (3) tranches of the RCBs comprises equal sub-tranches of \$1,000,000 each. The RCBs shall be issued in registered form in denominations of \$50,000 each. The RCBs are convertible into Shares (the "RCB Conversion Shares"), which when issued, shall rank *pari passu* in all respects with all other existing Shares. The issue price of the RCBs is 100% of the principal amount. The issue price of the RCB Conversion Shares (the "RCB Conversion Price") is determined by taking 85.0% of the average of the traded volume weighted average price (the "VWAP") per Share for any three (3) consecutive trading days determined at the sole and absolute discretion of the Subscriber, during the thirty (30) trading days immediately preceding the relevant date on which the RCBs were to be converted. The subscription and conversion of the RCBs shall be in accordance with the terms and conditions of the Subscription Agreement.

Please refer to the Company's circular to the Shareholders dated 11 December 2015 (the "RCB Circular") for further details on the RCBs.

As at HY2016, the Company had issued the first to eleventh sub-tranche of the Tranche 1 RCBs, with an aggregate principal amount of \$5,500,000, to the Subscriber, out of which an aggregate amount of \$4,400,000 had been converted into a total of 5,500,000,000 RCB Conversion Shares at the RCB Conversion Price of \$0.0008 per RCB Conversion Share. The amount of RCBs subscribed but yet to be converted into RCB Conversion Shares was \$1,100,000 as at HY2016.

Subsequent to HY2016 and up to the date of this announcement, the Company had issued further three sub-tranche of the Tranche 1 RCBs, with an aggregate principal amount of \$1,500,000, to the Subscriber and a further 1,625,000,000 RCB Conversion Shares at the RCB Conversion Price of \$0.0008 per RCB Conversion Share, amounting to \$1,300,000, were allotted and issued to the Subscriber. As at the date of this announcement, RCBs subscribed but yet to be converted into RCB Conversion Shares amounted to \$1,300,000.

As at the date of this announcement, the utilisation of proceeds from the issuance of the RCBs (the "RCB Proceeds") is as follows:

Purpose	Amount S\$'000	Percentage of RCB Proceeds %
Set-off of loan against issuance of RCBs to the Subscriber	1,699	25
Group's general working capital (Note (a))	2,828	41
Arranger's fee on RCBs issued	350	5
Expenses incurred by the Subscriber (Note (b))	40	-
Consideration for the acquisition of GPE (Note (c))	1,838	27
Repayment of third party liabilities	150	2
Total	6,905	100

Notes:

- (a) Funds used for the Group's general working capital were for payments to suppliers, refundable deposit paid to a supplier for purchase of inventories, capital expenditure and operating expenses including staff salaries and professional fees.
- (b) This was paid in accordance with the Subscription Agreement. The percentage of RCB Proceeds is less than 1%.
- (c) Please refer to the discussion below on "Acquisition of shareholding interests in GPE Power System (M) Sdn Bhd."

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)

MATTERS ARISING DURING 2016 (Cont'd)

Issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000 (Cont'd)

The use of RCB Proceeds is consistent with the use of proceeds for the RCBs as disclosed in the RCB Circular.

The Company will make further announcements on the utilisation of the balance of RCB proceeds from the issuance of the RCBs as and when they are materially disbursed.

Acquisition of shareholding interests in GPE Power Systems (M) Sdn Bhd ("GPE")

On 1 March 2016, the Company completed the acquisition of 70% shareholding interest in GPE for a cash consideration of \$1,837,500. GPE, a company incorporated in Malaysia, provides complete power generation solutions and the trading business is classified in the energy segment. Please refer to the Company's announcements dated 11 January 2016, 1 March 2016 and 9 May 2016 for further details on the acquisition.

Acquisition of non-controlling interests in Industrial Engineering Systems Pte Ltd ("IES")

On 27 April 2016, the Company completed the acquisition of the remaining 22% shareholding interests in IES for an aggregate consideration of \$660,000, with \$500,000 satisfied by the Company's allotment of 500,000,000 Shares at \$0.001 per Share to one of the vendors and the balance of \$160,000 by way of promissory notes. Please refer to the Company's announcements dated 7 April 2016, 25 April 2016 and 27 April 2016 for further details on the acquisition.

Disposal of shareholding interest in Industrial Power Technology Pte Ltd ("IPT") and The Think Environmental Co Sdn Bhd ("TTEC") and Loan facility from LionGold Corp Ltd ("LionGold")

On 17 March 2016, the Company completed the disposal of its shareholding interests in IPT and TTEC for a consideration of \$2. This follows the Group's strategic turnaround plan on restructuring its non-performing assets. Please refer to the Company's announcements dated 14 March 2016 and 17 March 2016 on the disposal.

In FY2015, the Company, in order to discharge its share of liabilities as one of the guarantors of performance securities in respect of a project undertaken by IPT, entered into a loan facility of \$3,557,443 with LionGold (the "**LionGold Loan Facility**"). As at HY2016 and the date of this announcement, LionGold had extended loans in the aggregate sum of \$3,504,879 to the Company (the "**LionGold Loan**"). The LionGold Loan Facility carries an interest of 8% per annum and shall be due and payable in December 2018.

On 11 February 2016, LionGold announced that it had assigned the benefits under the LionGold Loan to Mr. Lim In Chong (the "**Investor**"). Pursuant to the deed of assignment between LionGold and the Investor (the "**Deed of Assignment**"), it provides that the LionGold Loan will be assigned in three (3) portions.

Separately, the Company entered into a debt conversion agreement (the "**Debt Conversion Agreement**") and the option agreement (as amended, modified and supplemented by the option agreement supplemental deed) (the "**Option Agreement**") with the Investor.

Please refer to the discussion below on "Debt conversion and grant of options to an Investor" for further information.

Debt conversion and grant of options to an Investor

On 27 July 2016, Shareholders approved the Debt Conversion Agreement and the Option Agreement.

Under the Debt Conversion Agreement, the Company had agreed, for nominal consideration, to grant an option (the "**Debt Conversion Option**") to the Investor to convert the Assigned Debt (as defined herein) into Shares of the Company (the "**Debt Conversion Shares**") at a conversion price of \$0.001 (the "**Debt Conversion Price**") per Debt Conversion Share, for an aggregate number of up to 3,504,878,770 Debt Conversion Shares upon the full exercise of the Debt Conversion Option. The exercisability of the Debt Conversion Option by the Investor is linked to the Deed of Assignment and the Investor will only be able to exercise the Debt Conversion Option in respect of such amount of the LionGold Loan which have been assigned by LionGold to the Investor at any point in time pursuant to the Deed of Assignment (the "**Assigned Debt**").

The Debt Conversion Option will be exercisable in whole or in part in tranches of \$50,000 (convertible into 50,000,000 Debt Conversion Shares for each tranche exercised) at any time and upon the assignment of the respective proportions of the Assigned Debt as provided for in the Deed of Assignment, until the maturity of the Debt Conversion Agreement.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)

MATTERS ARISING DURING 2016 (Cont'd)

Debt conversion and grant of options to an Investor (Cont'd)

The Debt Conversion Price and the number of Debt Conversion Shares will be adjusted proportionately in the event that the Company undertakes a stock split, reverse stock split, capitalisation issue, rights issue, capital reduction or distribution, such adjustment to be certified by auditors of the Company for the time being, acting as an independent expert.

Upon exercise of the Debt Conversion Option (whether in full or in part) by the Investor, that portion of the LionGold Loan shall be deemed to be fully repaid under the LionGold Loan Facility and neither LionGold nor the Investor will have any claim whatsoever against the Company for the same.

The Debt Conversion Shares will, when allotted and issued pursuant to the Debt Conversion Option, be authorised, allotted, validly issued and credited as fully paid-up, be free from encumbrances, will be fully transferable and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares including the right to receive dividends declared, made or paid, the books closure date of entitlement of which is on or after the date of issue of the Debt Conversion Shares, and shall not be subject to any pre-emptive right, rights of first refusal or other rights in favour of any other party to purchase or receive the same.

Under the Option Agreement, the Company will, for a cash consideration of \$50,000, issue to the Investor an aggregate of 5,000,000,000 transferable share options ("**Options**", and each an "**Option**"), with each Option carrying the right to subscribe for one (1) new ordinary Share ("**Option Share**") at a minimum exercise price of \$0.001 to raise an amount of up to \$5,000,000 in aggregate (the "**Grant of Options**"). The Option Shares, when allotted and issued upon exercise of the Options, shall be fully paid and shall rank *pari passu* in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Option Shares.

The Debt Conversion will extinguish the LionGold Loan owed by the Company and reduce the Company's debt burden, in the event that the Investor decides to exercise the Debt Conversion Option. The Investor is also a strategic investor in the Company and the Company believes that the Investor has and will continue to make contributions to the Group. The Grant of Options and issuance of the Option Shares is also to align the interests of the Investor with that of the Company as well as motivate the Investor generally to contribute towards the Group's long-term prosperity.

Please refer to the Company's circular dated 12 July 2016 for further details on the Debt Conversion and Grant of Options.

Proposed adoption of the Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**")

On 5 August 2016, the Company announced that it has received approval from the SGX-ST for the listing and quotation of new Shares in the capital of the Company to be issued in connection with the exercise of share options granted, and/or the vesting of awards from, the Schemes. The aggregate number of Shares that may be issued under the Schemes shall not exceed 15% of the total number of issued Shares of the Company from time to time. The Schemes are subject to Shareholders' approval at an extraordinary general meeting to be convened. Please refer to the Company's announcement dated 5 August 2016 for information on the proposed adoption of the Schemes.

Proposed diversification of the current core business of the Group to include the recycling business, renewable energy business, green technology business and complementary technology business (collectively, the "**New Businesses**")

On 8 August 2016, the Company announced that, subject to approval from Shareholders at an extraordinary general meeting to be convened, it is proposing to diversify its current core business to include the New Businesses to reduce the Group's reliance on its current core business for its revenue streams and to offer new business opportunities thereby providing the Group with additional and recurrent revenue streams. Please refer to the Company's announcement dated 8 August 2016 for information on the proposed diversification and New Businesses.

OTHER MATTER

Notices received from Commercial Affairs Department ("**CAD**")

Further to the Company's announcements on 4 April 2014 and 29 April 2014 relating to the CAD's investigations, the CAD confirmed to the Company's external auditors on 22 January 2016 that its investigations are still ongoing.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's HY2016 operating results were in line with the expectations as disclosed in the Company's FY2015 annual report and the FY2015 results announcement dated 29 February 2016.

The proposed diversification of the Group's core business to include New Businesses is in line with the Group's strategic turnaround plans as stated in the FY2015 annual report. Together with the Debt Conversion Option which will reduce the Group's debt burden as well as the estimated proceeds from the issuance of the RCBs and Grant of Options to the Investor earmarked to fund the Group's operations and corporate activities, the Directors are of the view that the Group is in a position to allocate its resources more efficiently thereby strengthening the financial position and earnings base of the Group.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Directors remain cautious in the near term as the South East Asian market, which the Group operates in and of which is dependent on the performance of the major world economies, is volatile. With pressure on operating margins and fluctuations in foreign currencies, the Group endeavours on being price-competitive in order to secure contracts and remaining competitive in the markets that it operates.

As stated in the FY2015 annual report, the Group recognises the challenges it faces given the prevailing tough economic conditions in the global markets. With the restructuring of non-strategic and non-performing assets and refocusing on key business segments, the management constantly undertakes reviews of the Group's operating models, strategies and planning process to enable it to enhance its competitiveness and market presence. While the Directors are reasonably positive that these strategies can be achieved given time, nonetheless, they are subject to market conditions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on?

No ordinary dividend has been recommended or declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared/recommended for the corresponding period of the immediately preceding financial year?

No ordinary dividend was recommended or declared.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared /recommended, a statement to that effect.

No dividend has been recommended or declared for HY2016.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from Shareholders for interested person transactions.

During HY2016, there were no interested person transactions entered into by the Group pursuant to Chapter 9 of the Catalyst Rules of the SGX-ST.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual.

We, Sandra Liz Hon Ai Ling and Su Jun Ming, on behalf of the Directors of Annica Holdings Limited (the "Company"), do hereby confirm that to the best of our knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited consolidated financial results for the six-month financial period ended 30 June 2016 to be false and misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officer in the format set out in Appendix 7H of the Catalist Rules.

**BY ORDER OF THE BOARD
ANNICA HOLDINGS LIMITED**

**Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer**

**Su Jun Ming
Independent and Non-Executive Director
and Lead Independent Director**

12 August 2016